



# NEWS RELEASE

## PRESS OFFICE

---

**Release Date:** February 10, 2004

**Release Number:** 04-08

**Contact:** Sue Hensley (202) 205-6444

**Internet Address:** [www.sba.gov/news/](http://www.sba.gov/news/)

## **SBA Proposes Legislation to Add \$3 Billion to 7(a) Loan Program**

### *Solution Provides More Loans, Stability to Program, and Removes Cap*

**WASHINGTON** – The U.S. Small Business Administration today announced a new legislative proposal that is expected to add at least \$3 billion in lending authority to the 7(a) loan program this year. If enacted, the bill would allow the agency to increase lending authority by more than 30 percent, providing money for thousands more small loans in fiscal year 2004. The bill would also remove the current lending cap of \$750,000, and allow loans up to \$2 million.

“This proposal builds on the success of the SBA Express program, and by significantly increasing 7(a) lending authority, will allow the SBA to reach out to tens of thousands more small business owners every year,” SBA Administrator Hector V. Barreto said. “The legislation provides more money for small business loans this year, at a time when the program is facing unprecedented demand.”

By expanding the SBA Express program, which allows lenders to apply for 7(a) loans using their own forms and processes instead of lengthy and burdensome government forms, the entire 7(a) program would move to a lower guaranty rate of 50 percent. This reform would allow the agency to increase lending authority by over 30 percent. Based on FY 2003 numbers, that increase could have resulted in more than 22,000 additional loans to America’s entrepreneurs. If enacted for FY 2004, the lower guaranty rate and increased number of loans could provide capital to create as many as 500,000 new jobs.

The proposed changes have the added benefit of moving the 7(a) program toward the goal of a permanent zero subsidy level. Preliminary data indicates that if this proposal is passed and signed into law, 7(a) could move to zero subsidy with fees that are below current congressionally mandated rates, making 7(a) loans even more attractive to small business owners and lenders.

- - -

*For more information about all of the SBA’s programs for small businesses, visit the SBA’s extensive Web site at [www.sba.gov](http://www.sba.gov).*

*The SBA, in co-sponsorship with Staples, has introduced an online newsletter **SBA Solutions**. For a free subscription, go to <http://web.sba.gov/list>, and select New **SBA Solutions Newsletter**.*

*You can also receive all of the SBA’s News Releases via email. To subscribe, go to <http://web.sba.gov/list> and select "Press Office."*

###